

credit card can be misused. The same systems used to handle fraud for credit cards will be used to handle the present invention. By using a transponder that can be programmed by the user with a personal identification number, unauthorized charges on the credit card can be greatly reduced even if the transponder is lost or stolen.

#### What Is Claimed Is:

1. A method for completing a credit card transaction in which a credit card holder uses a transponder in place of the plastic card during a credit card transaction, the method comprising the steps of:

- assigning a credit card number to a transponder as its tag number;
- using the transponder in place of the credit card;
- providing a credit card owner with the transponder;
- retrieving the credit card number from the database maintained by the credit card company using the transponder;
- authenticating the transaction after verifying the credit card number through database search; and
- informing the merchant of the authentication and charging of the credit card.

2. The method of claim 1, wherein the said transponder has a keypad.

3. The method of claim 1, wherein the said transponder can be programmed with a personal identification number.

4. A method for completing a credit card transaction in which a credit card holder uses a transponder in place of the plastic card during a credit card transaction, the method comprising the steps of:

- initiating a transaction when a card holder points the transponder at a reader and enters a personal identification number on the transponder;
- wirelessly transmitting the credit card number to the reader;
- searching the database for the credit card number;

authenticating the transaction after verifying the credit card number through  
database search; and  
completing the transaction by charging the credit card.